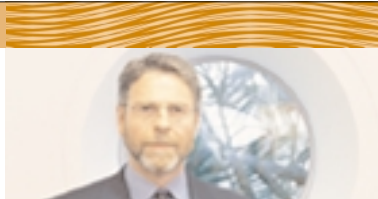


SECRETARY'S  
REVIEW

# 01



Peter Boxall,  
Departmental Secretary,  
gives an overview of  
the Department's  
achievements and  
performance in  
2000–01.

Highlights for 2000–01  
include:

- the delivery of the third accrual Budget;
- establishing a Private Financing Unit;
- high performance in property and insurance responsibilities;
- Finance's management of international projects in East Timor and Antarctica.

This is the Department of Finance and Administration's (Finance) fourth year as an amalgam of a central agency with large operational responsibilities, primarily property management and the administration of Ministerial and Parliamentary entitlements. Once again, the Department has risen to the challenge of playing a major central agency role to provide whole-of-government advice and coordination, while at the same time successfully managing a number of significant Government operations.

The responsibility for whole-of-government matters rests predominantly with the Budget and Financial Framework Groups within the Department. The major task for 2000-01 was advising on, and coordinating, the Budget. However, Finance's whole-of-government responsibilities also extend to advising on a number of other financial issues, such as the setting of the Capital-use Charge, a review of the hurdle rate of return in the Commonwealth Property Principles and the establishment of a Private Financing Unit. This Unit will provide whole-of-government advice on specific private financing proposals, expected initially to be mainly in the areas of defence and transport infrastructure. This work follows our advice in earlier years on the appropriate whole-of-government insurance arrangements and on the introduction of agency banking.

By and large, it is the role of operational areas in Finance, such as the Property Group and Comcover, to execute these whole-of-government policies. For instance, the Property Group manages the non-Defence property estate on a commercial basis, consistent with the Commonwealth Property Principles. During 2000-01 the portfolio achieved a rate of return of 11.2 per cent, which compares very

favourably with benchmarks for similar commercial portfolios. We disposed of \$135 million in properties during the year, and managed some \$66 million of capital expenditure on development projects.

Comcover is the vehicle for implementing the Government's whole-of-government insurance policy. After only three years, Comcover has accumulated some \$54 million in reserves plus other investments, a level considered to be sufficient actuarially to ensure the operation is financially viable. Indeed, through good management, Comcover has been able to reduce the premiums for a large number of Government agencies, notwithstanding the tight insurance market globally.

Upon the formation of the Department in 1997, Finance inherited a number of challenging management tasks, many of which related to the sale of Department of Administrative Services (DAS) businesses. Towards the end of 2000-01 we successfully settled with Macquarie Fleet Leasing (MFL) a number of outstanding issues regarding the operation of the DASFLEET tied contract. There remain a relatively small number of matters relating to the sale of DAS businesses to be finalised.

Finance has successfully progressed two important projects during the year which have attracted considerable interest. Our team in East Timor advised upon, and helped manage, the introduction of the first East Timorese budget, an achievement for which we have received national and international commendation. Further, we managed the project for the first summer survey to define the limits of the continental shelf off the Australian Antarctic Territory, and achieved 30 per cent more survey distance than originally planned. We look

forward to further progress in this survey work in the summer of 2001–02.

Finance recorded an operating surplus of \$188 million in 2000–01, derived from the commercial operations of the Property Group and Comcover. The rest of the Department—that is, the non-commercial Groups—recorded a small operating deficit, including some one-off payments related to sales of former DAS businesses. Finance paid a dividend to the Government of \$142 million. We also returned \$248 million in equity, including \$198 million from the proceeds of property sales undertaken in late 1999–2000 and during 2000–01. Further, we brought forward payment of \$222 million of debt, and thereby realised savings on promissory notes issued under the former cash budgeting regime to finance property investment. During the year, an external panel comprising two Portfolio Secretaries and a Chief Financial Officer conducted a pricing review of our non-commercial groups as part of the Government’s three year pricing review programme. The review, which was accepted by the Government, indicated that Finance was giving good service at reasonable prices, in terms of the funds appropriated for such purposes.

The Department continued to successfully administer Ministerial and Parliamentary entitlements. We managed a number of sensitive matters arising during the year, with the highest degree of probity and integrity.

I would like to thank the staff in the Department for their commitment and hard work. They are our most valuable resource. In the high standard of their work, our people embody our four core values, which are:

- our Ministers are our customers;
- we are a performance driven organisation;
- we are responsive, adaptable and open to change;
- we maintain absolute integrity and the highest ethical standards.

The inculcation of these values throughout Finance has contributed to a very successful year. We have delivered advice and services of the highest quality, generated an operating surplus and paid a dividend to Government—overall, a performance of which we can be justly proud.

**Peter J. Boxall**  
**Secretary**

